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JUN 17 2002

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Founded 1939

June 17, 2002

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VIA FACSIMILE AND MESSENGERRobert A. Taylor
National Oceanic and Atmospheric Administration
U.S. Department of Commerce
7600 Sand Point Way NE
Seattle, WA 98115-0070**Re: Hylebos Waterway Natural Resource Damage Settlement Proposal**

Dear Mr. Taylor:

We represent USG Corp. regarding environmental matters relating to USG's prior ownership of its plant on the Hylebos Waterway. As you are no doubt aware, USG is currently in the process of reorganizing pursuant to the provisions of Chapter 11 of the Bankruptcy Code. Accordingly, any actions against USG seeking recovery of natural resource damages are stayed pursuant to the provisions of the Bankruptcy Code. The bankruptcy court has issued an order allowing USG to negotiate the resolution of various environmental matters. Accordingly, we wish to share with you our comments related to the trustees' settlement proposal.

We join in the comments offered by other PRPs relating the settlement proposal. In particular, we believe that any natural damage assessment relating to the Hylebos must be based on actual data regarding the Hylebos. To base natural damages on theoretical models that fail to recognize actual data risks overstating the extent of those damages.

With respect to USG, we do not understand the trustees' calculation that USG's allocation of the trustees' past costs is 1.36%. Our review of the information provided with the settlement proposal indicates that USG's allocation under the trustees' own calculations is 0.99%. This percentage is based on the trustees' calculation of 2,438.681 total discounted service acre years, of which 24.194 are attributable to USG. We would appreciate knowing how the trustees arrived at a percentage of 1.36% for USG.

Regarding USG's allocation of natural resource damages, we believe USG's remediation of the intertidal area of its former plant site resulted in significant benefits to the environment.

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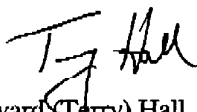
Robert A. Taylor
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Because of those benefits USG is entitled to a significant credit towards its allocation, whatever that allocation ultimately is. We look forward to discussing these benefits with you further.

We appreciate the opportunity to provide these comments to you.

Very truly yours,

WOLFSTONE, PANCHOT & BLOCH, P.S., INC.

A handwritten signature in black ink, appearing to be 'TH Hall', written over the printed name.

Howard (Terry) Hall

TH:hh

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RETURN FAX NO. : (206) 340-8837

DATE: June 17, 2002 TIME: 2:04 PM

TO: Robert A. Taylor
US Department of Commerce



FAX #: 527.1547

FROM: Howard (Terry) Hall

RE: **Hylebos Waterway Natural Resource Damage Settlement Proposal**

Number of pages faxed, including cover sheet: 3

Original to follow by messenger: Yes ☒ No ☐

If you have a problem with this transmittal, call Pat Jacobsen at (206) 682-3840.

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